

**4900.3746 ADMINISTRATION OF OPERATING SUBSIDY.****Subpart 1. Unique costs.**

A. The agency shall provide operating subsidy-unique costs to the owner of the benefited housing development according to the agreement between the owner and the agency governing the use of the operating subsidy.

B. The operating subsidy-unique costs may be provided for up to ten years.

C. The agency may terminate the operating subsidy if (1) the operating subsidy is no longer needed to ensure the economic viability of the housing development; or (2) the owner of the benefited housing development has failed to comply with any agreement with the agency governing the use of the operating subsidy.

D. The agency may reduce the operating subsidy if the full amount of the operating subsidy is not necessary to ensure the economic viability of the housing development.

**Subp. 2. Revenue shortfall.**

A. The agency shall provide an operating subsidy-revenue shortfall to the owner of the benefited housing development in the form of periodic payments for the benefit of a fixed number of units. In determining the amount of funding to be awarded, the agency shall consider the following factors:

- (1) the most recent budget for the operation of the housing development, if applicable;
- (2) a ten-year projected budget for the operation of the housing development;
- (3) the ability of the tenants expected to reside in the housing development to pay the proposed rents; and
- (4) the reasonableness of rents and operating costs for the housing development based on housing industry standards.

B. Owners of housing developments benefited by an operating subsidy-revenue shortfall under the housing trust fund program will be responsible for the following:

- (1) recruiting tenants;
- (2) maintaining a current waiting list of applicants;
- (3) determining the eligibility of tenants according to Minnesota Statutes, section 462A.201, subdivision 2, paragraph (b);
- (4) verifying tenant incomes at initial occupancy;
- (5) providing and adhering to a budget for the operation of the housing development showing all operating costs, rents and other income, and rent schedules;

- (6) requisitioning operating subsidy payments from the agency;
- (7) meeting agency reporting requirements;
- (8) maintaining and retaining records as required by the agency; and
- (9) other requirements as described in any agreement with the agency governing the use of the operating subsidy.

C. The operating subsidy-revenue shortfall may be provided for up to ten years.

D. The agency may terminate the operating subsidy if (1) the operating subsidy is no longer needed to ensure the economic viability of the housing development; or (2) the owner of the benefited housing development has failed to comply with any agreement with the agency governing the use of the operating subsidy.

E. The agency may reduce the number of units for which an operating subsidy is provided, or the amount of assistance per unit, if the full amount of the operating subsidy is not necessary to ensure the economic viability of the housing development.

Subp. 3. **Economic viability.** As used in this part, a determination of economic viability is based on whether the rental housing can generate sufficient operating income to meet its operating expenses if the operating subsidy provided under the housing trust fund program is reduced or eliminated.

**Statutory Authority:** *MS s 462A.06*

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